DOCUMENT RESUME

ED 307 911 JC 890 270

TITLE	A Fiscal Profile of the Illinois Public Community College System, Fiscal Years 1966-1988.
INSTITUTION	Illinois Community Coll. Board, Springfield.
PUB DATE	May 89
NOTE	36p.
PUB TYPE	Reports - Descriptive (141) -- Statistical Data (110) -- Historical Materials (060)
EDRS PRICE	MF01/PC02 Plus Postage.
DESCRIPTORS	*Community Colleges; *Educational Finance; Educational History; Equalization Aid; Financial Policy; *Financial Support; Grants; Income; *State Aid; State Surveys; Tax Allocation; Tuition; Two Year Colleges
IDENTIFIERS	*Illinois

ABSTRACT

An overview is provided of the fiscal development of the Illinois public community college system. Introductory sections consider the history and administrative structure of the system, and explain special funding provisions of the Public Junior College Act of 1965. The next section provides a profile of past state appropriations, focusing on average tuition rates since 1967, credit hour grant rates between 1966 and 1988, equalization grants, special funds for restricted purposes and needs, and other miscellaneous grants. Next, an explanation is provided of the present funding plan, which relies upon three major sources of funding: (1) state appropriations in the form of credit hour grants and other special grants, which together represent 31% of the colleges' revenues; (2) local funding through property tax assessments, which provides another 40.9% of the revenue; and (3) student tuition and fee charges, which contribute 23.1%. This section also includes a breakdown of total state appropriations from 1966 through 1988, of local property tax equalized assessed valuations for 1969 through 1987, and of changes in sources of college operating revenues between 1983 and 1988. Worksheets illustrating the state's community college funding plan are appended. (JMC)

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A FISCAL PROFILE

OF THE

ILLINOIS PUBLIC COMMUNITY COLLEGE SYSTEM

FISCAL YEARS 1966 - 1988

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May 1989

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Illinois Community College Board

A FISCAL PROFILE OF THE ILLINOIS PUBLIC COMMUNITY COLLEGE SYSTEM FISCAL YEARS 1966 - 1988

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INTRODUCTION

The community college system in the State of Illinois currently includes 39 public community college districts comprised of 50 colleges. These districts encompass 92 percent of the state's territory and 97 percent of the population. Recent legislation calls for the entire State of Illinois to be incorporated into the system by the year 1990.

Community colleges, by design, are responsive to the needs of the unique communities they serve. Having formally been a part of the Illinois higher education system for only 23 years, they currently enroll approximately half of all students attending higher education institutions in Illinois. Community colleges provide opportunities not only for the traditional college student but also for the displaced homemaker, the unemployed, the senior citizen, the handicapped, and the welfare recipient. Overall, they have helped provide Illinois with a well-trained workforce and have extended their mission by working with the private sector to train workers for new and expanding businesses and industries.

A prior addition of A Fiscal Profile of the Illinois Public Community College System was prepared in 1987 and included historical data through fiscal year 1986. The current document simply updates the previous report by incorporating fiscal year 1987 and fiscal year 1988 data where appropriate.

A brief review of the history of the system and selected aspects of the Public Community College Act follows. The primary focus of this report, however, is the fiscal development of the Illinois public community college system. The state funding plan for community colleges will be examined as will local funding factors.

Historical Development

The first public junior college in Illinois was established at Joliet Township High School in 1901. By 1930, six public junior colleges had been established and were operated by the boards of education of high school or unit districts. In the 1940s, six additional colleges were organized. As was the case with the other colleges, each of these was operated as an extension of high school by providing the 13th and 14th years of formal education. In 1959, the Illinois General Assembly enacted legislation authorizing the establishment of independent junior college districts encompassing any compact and contiguous territory. Black Hawk College was established by the cities of Rock Island, Moline, and East Moline in 1961 under the provisions of the 1959 law and began operating in 1962 as a replacement of Moline Community College. Four other colleges were organized in 1964 and 1965 under the provisions of the 1959 law; however, each of these four began operation in 1965 or later, subsequent to the passage of the Public Junior College Act of 1965.

The Public Junior College Act of 1965 was enacted by the General Assembly in response to recommendations of a master plan published by the Illinois Board of Higher Education in July 1964. This Act identified junior colleges with the Illinois system of higher education. It created an Illinois Junior College Board as a planning, studying, coordinating, servicing and, to a limited extent, a regulating agency of a state system of junior colleges. All junior colleges in existence on the effective date of the Public Junior

College Act (July 15, 1965) were classified as Class II junior college districts. Provisions were set forth in the Act for the continuation of these institutions as Class II districts or for their restructuring as Class I districts. All new districts established since the passage of the Public Junior College Act are required to meet standards for comprehensive two-year colleges defined in the Act as Class I. Following the passage of the Public Junior College Act, movement immediately developed toward reorganization of existing colleges in accordance with the standards of Class I districts.

Development of the statewide system since 1965 has been substantial. The last Class II districts were reorganized on July 1, 1969, and all existing junior colleges are now Class I junior college districts with the exception of a special experimental district in East St. Louis established by the 1969 General Assembly.

By 1970, there were 38 junior college districts established in the State of Illinois. Under Public Act 78-669, the General Assembly amended the Public Junior College Act and provided for the renaming of junior colleges to community colleges and the Act to the Public Community College Act.

The last district to enter the system was John Wood Community College in 1975, bringing the number of districts in the state to its current total of 39. Legislation passed by the Illinois General Assembly in 1985 requires all non-community college district territory to either annex to an existing district or form a new district before 1990.

Administrative Structure

The structure established by the Act calls for a local board of trustees as the initial governing level for the community college. Of the 39 college districts in the state, 37 have locally elected boards, one (Chicago) has a locally appointed board, and one (East St. Louis) has a local board appointed by the Governor. The local board is responsible for maintaining the fiscal integrity of the district while overseeing district administration and operation.

Responsibility for administering the Act lies primarily with the Illinois Community College Board. Among the primary powers and duties of the State Board and its staff are statewide planning and coordination of activities designed to ensure a system of comprehensive community colleges; conducting studies of student characteristics, admission standards, grading policies, transfer student performance, facilities, and any problem areas related to the community colleges; determining efficient and adequate physical plant standards and granting recognition to colleges meeting such standards; granting recognition to community colleges which maintain equipment, courses of study, standards of scholarship and other requirements set by the State Board; and developing a systemwide budget request and distributing state appropriated funds to the colleges.

Hierarchical budgetary authority lies with the Illinois Board of Higher Education, then the Governor and the state Legislature. The community college system's operating budget request will pass through each level before a final appropriation is determined.

Special Provisions

A unique feature of the Act was the establishment of an experimental community college district, State Community College. This district is unique in that its board of trustees is appointed by the Governor, and funds are appropriated to the college through a separate allocation within the operating budget of the system.

An additional provision of the Act addresses community college districts in cities of 500,000 or more inhabitants, specifically City Colleges of Chicago. The primary feature of this article in the Act is the requirement for maintaining a system of community colleges within the district. A local board appointed by the mayor with the approval of the City Council is empowered to make decisions affecting the entire district.

The allocation of funds to the City Colleges of Chicago district adheres to the funding formula adopted for the remainder of the colleges in Illinois.

COMMUNITY COLLEGE FUNDING

The Illinois community college system has experienced numerous adjustments in funding over the years. The following discussion reviews the system's past funding pattern and then focuses on the present funding plan.

Profile of Past State Appropriations

The Illinois Board of Higher Education in a Master Plan for Higher Education, published in 1964, made the following recommendations regarding financing operations of junior colleges proposed for a state system of junior colleges:

1. State share to be approximately 50 percent of average operating costs of the new junior college system.

2. Shares for individual institutions to be determined by a flat grant of aid and/or an equalization grant, based on a relative financial capability of the several junior college districts, with amounts to be established through the use of formulas.

3. Tuition not be charged to any Illinois resident.

In 1965, pursuant to these recommendations, the Illinois General Assembly enacted the Public Junior College Act. The state's lawmakers rejected the proposal for free tuition. Tuition was made a local option. Local district boards must decide whether or not to charge tuition to help support operations in that district. In fiscal year 1966, six of nineteen districts did not charge tuition. By 1975, only one district was not charging tuition and by fiscal year 1983, all were charging tuition. Table 1 presents the statewide average tuition rates for all districts since fiscal year 1967.

Table 1

AVERAGE TUITION RATES
FISCAL YEAR 1967 - FISCAL YEAR 1988

Fiscal Year	Rates	Percent Change
1967	$ 3.79	-- %
1968	4.32	14.0
1969	4.80	11.1
1970	5.32	10.8
1971	6.52	22.6
1972	7.73	18.6
1973	8.38	8.4
1974	8.79	4.9
1975	9.33	6.1
1976	9.70	4.0
1977	11.26	16.1
1978	11.99	6.5
1979	12.47	4.0
1980	13.62	9.2
1981	14.07	3.3
1982	15.37	9.2

Table 1

AVERAGE TUITION RATES
FISCAL YEAR 1967 - FISCAL YEAR 1988
(Continued)

Fiscal Year	Rates	Percent Change
1983	$17.75	15.5%
1984	20.05	13.0
1985	21.14	5.4
1986	22.78	7.8
1987	23.43	2.9
1988	25.71	9.7

Credit Hour Grants. The Act did provide for state aid on a flat grant basis. The rate set for Class I districts was $11.50 per semester credit hour ($9.50 for Class II districts). The best available data in 1964-65 indicated the average per capita cost of junior colleges in Illinois was approximately $690 per full-time equivalent student. The credit hour grant of $11.50 was estimated to yield 50 percent of this operating cost. Initial cost data were difficult to obtain since all except one of the 18 operating colleges were part of a unit or high school district. Junior college operations consequently were not accounted for in a clear, comprehensive, or consistent manner. Two biennial appropriations reflected this rate; however, due to better documentation of costs, general inflation, and expanding programs in the occupational areas, the state raised the flat rate grant to $15.50 per semester credit hour in 1969.

The $15.50 rate remained in place for three fiscal years. Beginning in fiscal year 1973, the grant was increased to $16.50 per credit hour. This was the basic apportionment rate; however, a $3.00 per credit hour supplemental non-business occupational program grant also was initiated since the average cost of these occupational programs was higher than the cost for baccalaureate-oriented liberal arts and sciences programs.

Funds were initially appropriated in 1974 to reflect an $18.50 flat grant and $5.00 supplemental grant rate. These rates were maintained although a supplemental appropriation of $1,540,000 was necessary to offset increased enrollments.

The credit hour rates upon which the fiscal year 1975 allocation was built were $19.20 for flat grants and $5.80 for supplemental non-business occupational grants. Because of a dramatic enrollment increase in the spring term of 1975, a supplemental appropriation was sought to allow apportionment claims to be paid at the prescribed rates. Since the amount needed to do this was approximately $16 million and a supplemental appropriation provided just over $10 million, the flat grant payments had to be prorated at $18.12 per semester credit hour. This marked the first time community colleges had not been funded at full rates upon which an appropriation was based.

Likewise, in fiscal year 1976, funds were approved which were expected to provide variable credit hour funding rates of $19.20 for baccalaureate, occupational, and summer term general studies courses; $18.00 for remedial/developmental and vocational skills courses; and $17.61 for fall and

spring term general studies courses, as well as $5.80 for supplemental non-business occupational credit hours. This appropriation, however, was based on an anticipated FTE enrollment approximately 15 percent lower than the actual fiscal year 1976 enrollment. Since no deficiency appropriation was approved, claims, i.e., rates, had to be prorated to remain within the appropriation.

In 1974, the Illinois Board of Higher Education appointed a committee to study public community college financing in Illinois. This "Blue Ribbon" Committee met for eleven months and published a report of its findings and recommendations in May 1975. Among the recommendations for revising the financing plan were a shift to credit hour grants by instructional category rather than a flat rate grant and the discontinuation of supplemental funding for non-business occupational grants. The following funding rates were appropriated in fiscal year 1977.

Funding Category	Credit Hour Grant Rate
Baccalaureate and Academic	$18.87
Business, Public Service, and Personal Service	16.93
Data Processing and Commerce Technology	19.88
Natural Science and Industrial Technology	24.37
Health Technology	37.01
Vocational Skills	13.96
Remedial/Developmental	14.17
Other General Studies	7.65

This same strategy was followed in fiscal year 1978. One exception was that "Other General Studies" were funded at 100 percent rather than 50 percent of the difference between the statewide average unit cost and the standard local contribution as had previously been the case. Table 2 presents a summary of credit hour grant rates from passage of the Public Junior College Act in 1965 to fiscal year 1980.

In fiscal year 1979, the funding plan was revised to five funding categories from the previous eight. In combination with a number of other changes, this revision was designed to reduce the complexity of the community college funding formula. The five funding categories utilized for a two-year period included baccalaureate, business occupational, technical occupational (including commerce, data processing, industrial, and natural science technologies), health occupational, and general studies (including vocational skills, remedial/developmental, and other general studies).

Integrated into the fiscal year 1981 operating budget request were recommendations to again revise the funding formula for the system. Prior to this time, state funding was based on actual enrollments generated by each community college during the budget year. This procedure caused a number of severe problems at both the local and state levels. To work reasonably well, the procedure demanded a very high degree of accuracy in projecting each community college's enrollment two years in advance so that these projections could be put into the appropriation request for the system. Since community college enrollments are very difficult to project with a high degree of accuracy, the state appropriation for community colleges did not fit the actual enrollments experienced in several years.

Illinois Community College Board

Table 2

SUMMARY OF CREDIT HOUR GRANT RATES
FISCAL YEAR 1966 - FISCAL YEAR 1980

Type of Course	Fiscal Years 1966-1969*	Fiscal Years 1970-1972**	FY 1973	FY 1974	FY 1975	FY 1976	FY 1977	FY 1978	FY 1979	FY 1980
Baccalaureate	$11.50	$15.50	$16.50	$18.50	$18.12	$16.00	$18.87	$21.24	$23.11	$26.01
Business and Public Service	11.50	15.50	16.50	18.50	18.12	16.00	16.93	14.49	15.59	16.39
Data Processing and Commerce Technology	11.50	15.50	19.50	23.50	23.92	20.75	19.88	25.13	26.98	25.22
Natural Science and Industrial Technology	11.50	15.50	19.50	23.50	23.92	20.75	24.37	25.86	26.98	25.22
Health Technology	11.50	15.50	19.50	23.50	23.92	20.75	37.01	45.36	42.56	41.73
Vocational Skills	11.50	15.50	16.50	18.50	18.12	14.95	13.96	9.87	7.01	6.45
Remedial/Developmental	11.50	15.50	16.50	18.50	18.12	16.50	14.17	8.88	7.01	6.45
General Studies	11.50	15.50	16.50	18.50	18.12	14.95	7.65	9.81	7.01	6.45
Average Rate/Credit Hour	11.50	15.50	16.95	19.44	19.15	16.58	18.58	18.94	19.59	20.61
Average Rate/FTE Student	345.00	465.00	508.50	583.20	574.50	497.40	557.40	568.20	587.70	618.30

*$11.50 was the rate for Class I districts; whereas, Class II districts rate was $9.50.
**Class II districts did not exist after 1969.

Another serious concern with the former funding plan was that it did not provide adequate funding for vocational skills and remedial/developmental courses. These courses were included in the same category as other general studies courses and, hence, all received the same rate of funding. In fiscal year 1974, these courses were funded at a rate of $18.50 per semester credit hour. The rate for these courses decreased continually under the "Blue Ribbon" funding formula to $7.01 in 1979 and $6.45 in 1980. Although the statewide average unit cost of these courses remained low because of the extremely low unit costs at the Chicago Urban Skills Institute, which produced nearly 70 percent of the courses, most community colleges experienced a relatively higher unit cost in offering these courses.

Specifically, the new plan utilized the past year's actual data for enrollments, local tax contribution, and unit cost as base figures, thereby dramatically reducing the number of projections required. Furthermore, significant changes provided for higher credit hour rates to instructional categories previously funded under "General Studies." Among the changes introduced were:

1. Vocational skills courses became funded at the same rate as occupational/career courses in the three categories of business occupations, technical occupations, and health occupations.

2. The Adult Basic Education (ABE), General Education Development (GED) courses/Adult Secondary Education (ASE), and English as a Second Language (ESL) courses became a separate funding category designation for which there was no standard tuition contribution deduction.

3. Remedial/Developmental and General Studies remained as separate funding categories.

A summary of the credit hour grant rates since 1981 is presented in Table 3. The funding categories remained virtually the same between 1981 and 1985. One significant adjustment which occurred during fiscal year 1984 was the adoption of minimum credit hour rates for two instructional categories: general studies and adult basic education/adult secondary education. The need for a minimum rate for the general studies funding category has persisted.

The nature and amount of credit hour grants have changed substantially over the last twenty years. Throughout the entire period, however, the primary focus for calculation has remained the cost of providing a credit hour of instruction. Numerous revisions and enhancements of the cost measurement process have taken place. Table 4 lists the funding for credit hour grants and the percentage of total appropriated grants through fiscal year 1988.

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Table 3

SUMMARY OF CREDIT HOUR GRANT RATES
FISCAL YEAR 1981 - FISCAL YEAR 1988

Type of Course	FY 1981	FY 1982	FY 1983*	FY 1984	FY 1985	FY 1986	FY 1987	FY 1988**
Baccalaureate	$28.18	$27.83	$23.22	$21.96	$21.67	$24.97	$29.75	$29.03
Business Occupational	17.67	17.41	16.32	11.21	11.80	16.21	16.91	15.95
Technical Occupational	28.61	27.11	27.51	26.92	24.92	27.86	33.70	32.16
Health Occupational	42.07	47.38	50.39	51.92	50.75	58.48	54.73	57.80
Remedial/Developmental	9.25	22.87	18.60	17.24	15.63	23.83	25.99	25.34
ABE/GED/ESL/ASE	10.77	9.07	6.29	4.00	6.08	12.66	9.86	12.40
General Studies	4.19	4.47	-0-	.98	1.00	1.00	.98	.90
Average Rate/Credit Hour	22.90	22.43	19.54	17.74	18.32	22.99	25.00	25.02
Average Rate/FTE Student	687.00	672.90	586.20	532.20	549.60	689.70	750.00	750.60

*The fiscal year 1983 credit hour grant rates shown are the rates approved by the General Assembly. However, the actual fiscal year 1983 credit hour grants were prorated at 98.69 percent to stay within the fiscal year 1983 appropriation level. Additionally, the credit hour grants were reduced by 2.23 percent during fiscal year 1983 for the contingency reserve.

**These rates, while not appearing in the authorization bill, are the effective rates at which prorated credit hour grants were paid.

Table 4

CREDIT HOUR GRANTS AS A PERCENTAGE OF
TOTAL APPROPRIATED GRANTS TO DISTRICTS*
FISCAL YEAR 1966 - FISCAL YEAR 1988

Fiscal Year	Amount	Percent
1966-1967	$ 24,719,970	95.0%
1968-1969	40,863,844	100.0
1970	34,809,500	100.0
1971	42,281,900	100.0
1972	48,200,000	97.3
1973	54,202,500	91.6
1974	65,025,000	89.2
1975	76,663,900	88.3
1976	82,357,165	88.2
1977	100,692,400	91.6
1978	100,127,000	89.6
1979	102,195,000	87.8
1980	103,252,400	82.5
1981	111,148,300	81.7
1982	116,002,500	80.2
1983	113,660,400	78.6
1984	114,596,700	76.4
1985	119,405,600	74.4
1986	137,148,000	76.7
1987	142,919,509	75.5
1988	136,222,400	75.5

Equalization Grants. State appropriations for fiscal year 1972 introduced one of the major additions to the flat rate grant plan, an equalization grant. These grants were designed to provide special assistance to needy districts who, because of low property assessments, were unable to raise sufficient local funds to meet statewide average local revenue per student.

Initial equalization grants totaling $1,050,000 were disbursed to seven districts that had low tax revenue per in-district full-time equivalent (FTE) student. Equalization funding was provided for the difference between the local revenue per FTE student and the statewide weighted average local revenue per FTE student as long as the district maintained a minimum tax rate. Table 5 reflects the pattern of equalization grants since fiscal year 1972.

Table 5

EQUALIZATION GRANTS
FISCAL YEAR 1972 - FISCAL YEAR 1988

Fiscal Year	Appropriated Equalization Grant	Percent of Total Appropriated Grants to Districts
1972	$ 1,050,000	2.1%
1973	1,200,000	2.0
1974	2,220,000	3.0

Table 5

EQUALIZATION GRANTS
FISCAL YEAR 1972 - FISCAL YEAR 1988
(Continued)

Fiscal Year	Appropriated Equalization Grant	Percent of Total Appropriated Grants to Districts
1975	$ 3,149,700	3.6%
1976	3,100,000	3.3
1977	6,343,800	5.8
1978	7,937,700	7.1
1979	10,355,800	8.9
1980	17,200,000	13.7
1981	19,839,500	14.6
1982	23,561,700	16.3
1983	25,927,000	17.9
1984	27,848,200	18.6
1985	31,027,100	19.3
1986	28,887,900	16.1
1987	32,566,489	17.2
1988	32,016,200	17.7

*Excludes appropriation to State Community College.

Equalization funding was amended in fiscal year 1973 so that a minimum tuition charge, as well as the qualifying tax rate, could be considered in calculating equalization grants. The formula was based on the principle that if each district were to levy at the same operating tax rate (exert "equal" effort), each should be guaranteed at least a minimum amount of revenue per student (sometimes called the "foundation" level), and this guaranteed foundation, plus student charges, should provide one-half the statewide average operating cost per student. Specifically, the formula appeared as follows:

$$EG = [C/2 - (LR + T \text{ and } F)] \times E$$

where:

- EG = Equalization grant
- C = Statewide average operating cost per FTE student
- LR = Local revenue (tax rate x EAV/in-district FTE)
- T and F = Tuition and fees
- E = Enrollment (in-district FTE students)

In subsequent years, equalization funding terminology was altered to reflect more accurately the concept of equalization. A "standard local contribution" referred to the ability of a local district to realize a standard amount of local revenue per student by levying at a standard operating tax rate. The difference between what the district can raise and this standard local contribution represents the basis of the equalization grant.

Fiscal year 1981 equalization grant funding was adjusted to reflect the use of a statewide weighted mean operating tax rate rather than the median. The formula continued to calculate a threshold amount of dollars per in-district and chargeback FTE (hours generated by resident students enrolled in courses outside the district) by summing all districts' EAVs, dividing by the total in-district and chargeback FTE for the state, and multiplying that figure by the standard tax rate. The difference between the statewide threshold and the individual district's local tax revenue/FTE was the amount per FTE which that district was eligible to receive through the regular equalization funding plan. This figure multiplied by the college's in-district and chargeback FTE yielded total tax base equalization funding.

The regular equalization funding plan was supplemented in fiscal year 1981 by a plan for tax rate equalization as well. In order to qualify for tax rate equalization funding, a district would need to meet all of the following requirements:

1. The district must be levying at its maximum tax rate;

2. The maximum tax rate must be below the statewide weighted average;

3. The district's local tax revenue/FTE student must be below the weighted mean; and

4. The district's tuition per FTE must exceed 20 percent of its latest known net instructional unit cost.

Six districts met all of the requirements for supplemental tax rate equalization funding in fiscal year 1981. To date, however, state appropriations have not been provided to fund this supplemental grant.

Except for adjustments in the standard operating tax rate in fiscal year 1982, the basic equalization funding formula remained the same. One addition was the calculation of an equalization adjustment for corporate personal property replacement tax revenue (CPPRT). The equalized assessed values for corporate personal property were removed from the tax bases of community college districts through 1979 legislation regarding corporate personal property replacement tax revenues. Since corporate personal property replacement tax revenue was local revenue and was utilized in the equalization funding formula prior to fiscal year 1982, the CPPRT was considered local revenue for purposes of calculating the equalization funding. A threshold amount is calculated for each equalization district and compared to the statewide threshold (total CPPRT/in-district FTE). The difference between the district's CPPRT/FTE and the threshold is multiplied by its in-district FTE to calculate the corporate equalization adjustment. If a district receives more corporate personal property tax per FTE than the state average, its equalization grant is adjusted downward.

The next major revision to the equalization funding formula occurred in fiscal year 1984. A program mix adjustment was introduced since the equalization calculation assumed that the local expected tax contribution was the same for all instructional categories. However, the general studies and ABE/ASE minimum rate calculations caused the expected standard tax contribution to vary by instructional category. The variance of local taxes by instructional category necessitated an adjustment to equalization based on each college's

program mix. This adjustment was designed to occur after EAV equalization was calculated and adjusted according to corporate personal property replacement tax revenues per FTE.

Another adjustment to the equalization concept was developed with the fiscal year 1985 budget. This budget recognized that some costs incurred by community colleges are fixed, i.e., they will not vary according to the number of students enrolled. The results of a thorough analysis indicated that academic administration and planning, learning resources, and general administrative costs are fixed costs. The fiscal year 1986 budget reduced each district's equalized assessed valuation by the amount necessary to pay for one-third (the amount of a college's revenue received from local property taxes) of projected fixed costs, and equalization grants were calculated based on this reduced EAV. The net effect of this change was to increase equalization grants for small districts.

Special Grants. Community colleges in the state have received funds for restricted purposes and special needs in addition to regular enrollment-driven and equalization grants. One such grant is the disadvantaged student grant initiated in fiscal year 1973. Table 6 shows the history of this grant's appropriation.

The disadvantaged student grant program was designed to provide funding for pilot projects for economically and educationally disadvantaged students. The program's projects focus upon (1) new instructional approaches, special study materials, and tutorial assistance to students; (2) experimental education to enhance the capacity of the community college system to effectively educate disadvantaged people; (3) special efforts at counseling and job placement; and (4) inservice education for faculty and staff in working with disadvantaged students.

The $1.4 million appropriated for fiscal year 1973 was distributed on an approved project basis rather than a systemwide allocation. Twenty-five districts did, however, receive funding. By fiscal year 1976, the appropriation was in excess of $2.4 million and all districts were providing programs.

Table 6

DISADVANTAGED STUDENT GRANTS
FISCAL YEAR 1973 - FISCAL YEAR 1988

Fiscal Year	Appropriated Disadvantaged Student Grant	Percent of Total Appropriated Grants to Districts*
1973	$ 1,400,000	2.4%
1974	1,400,000	1.9
1975	1,400,000	1.6
1976	2,444,000	2.6
1977	2,900,000	2.6
1978	3,706,900	3.3
1979	3,800,000	3.3
1980	4,700,000	3.8
1981	5,100,000	3.7

Table 6

DISADVANTAGED STUDENT GRANTS
FISCAL YEAR 1973 - FISCAL YEAR 1988
(Continued)

Fiscal Year	Appropriated Disadvantaged Student Grant	Percent of Total Appropriated Grants to Districts*
1982	$ 5,000,000	3.5%
1983	5,000,000	3.5
1984	5,000,000	3.3
1985	5,300,000	3.3
1986	7,000,000	3.9
1987	7,566,000	4.0
1988	7,933,000	4.4

*Excludes appropriation to State Community College.

For fiscal year 1978, the method of distributing disadvantaged student monies was altered to focus on the educationally (rather than economically) disadvantaged. The revised distribution was determined by the percentage of total apportionment remedial/developmental credit hours from the previous year rather than the district's relative share of federal financial assistance program monies. The allocation was adjusted in fiscal years 1980 and 1981 to include $20,000 to each college, with the balance being distributed proportionally based on remedial/developmental and adult basic and secondary education credit hours. This remains the current technique for distributing grants.

Funds for public service grants were first appropriated in fiscal year 1973. This funding was an outgrowth of a change in program philosophy which essentially divided the adult and continuing education area into either general studies (credit courses eligible for credit hour apportionment funding) or public service (non-credit courses and activities not eligible for credit hour funding). Public service is further distinguished as community education consisting of instructional or classroom-like activities of a non-credit nature, or community service consisting of activities of a non-instructional nature, such as concerts and tours. Formal public service grants of $750,000 were appropriated each year between fiscal years 1973 and 1975. The fiscal year 1976 appropriation was reduced to $705,000. After fiscal year 1976, public service grants, per se, were not appropriated. Rather, an allowance for public service expenditures was integrated into the funding formula. Under this approach, the most recent available public service expenditures for the system are determined. This amount adjusted for price increases is added to the total resource needs of the system for a given budget year. After accounting for the expected local contribution, the net effect of the public service allocation is to increase the level of unrestricted credit hour grants.

Concurrent with the elimination of public service grants was the end of most other categorical grants. Among the categorical grants utilized prior to fiscal year 1977 were correctional institution grants, which provided funding for educational programs at state correctional institutions, and new college basic grants.

Special grants again emerged in fiscal year 1984. Economic development grants were made available in response to the community colleges' role in revitalizing Illinois' industrial sector. As major providers of postsecondary technical/vocational training, the colleges worked actively with business, industry, and community leaders in employment training programs, needs assessment, and training the unemployed. Some of these programs and services received state support through the community college funding formula. Many others, however, did not. Therefore, the economic development grant was developed as a means of supporting economic development services and providing an incentive for enhancing these services.

Economic development grants of $2.5 million were appropriated in fiscal year 1984. A $30,000 grant per district was provided for the operation of an economic development (business assistance) center. The remaining funds were allocated on the basis of apportionment credit hour enrollment in the occupational areas.

Another grant made available to community colleges is the advanced technology equipment grant first appropriated in 1985. Funding from the $2.0 million allocation was competitively awarded for program development, equipment, and material procurement for advanced technology curricula such as microelectronics, robotics, biotechnology, and future office technology. The fiscal year 1986 budget requested continuation of advanced technology equipment grants; however, funds were allocated to all colleges on the basis of occupational credit hours produced in fiscal year 1984 rather than competitively.

Table 7 presents state funding for economic development and advanced technology equipment grants.

Table 7

RESTRICTED GRANTS SUMMARY
FISCAL YEAR 1984 - FISCAL YEAR 1988

Fiscal Year	Economic Development Grant	Advanced Technology Equipment Grant
1984	$ 2,500,000	$ N/A
1985	2,700,000	2,000,000
1986	3,500,000	2,350,000
1987	3,686,000	2,522,000
1988	2,934,000	1,346,300

Other State, Federal, and Miscellaneous Grants. Numerous state, federal, and miscellaneous grants have been awarded to community colleges during the twenty-one years of operation under the Public Community College Act. Among the

state agencies having provided funds are the Illinois State Board of Education (vocational and adult education grants), and the Illinois State Scholarship Commission. Likewise, the federal government has periodically provided funding for adult education programs, vocational training programs, and various other concerns. Most recently, programs funded through the federal Job Training Partnership Act (JTPA) have been prominent. These revenues have proven important to community colleges. In fiscal year 1988, other state, federal, and miscellaneous grants are estimated to account for 24.6 percent of the system's available resources (funds received through sources other than the annual state appropriation for credit hour, equalization, and special grants). Given the historical diversity and irregularity of these grants, a twenty-two-year comparison would not be meaningful.

Present Funding Plan

The Illinois community college system currently relies on three major sources of funding: state appropriations in the form of credit hour grants and other special grants, local funding through property tax assessments, and student tuition and fee charges. In fiscal year 1988, the community college system derived 31.0 percent of its revenue from the state, 40.9 percent locally, 23.1 percent from student tuition and fees, and 4.9 percent from other sources. The Illinois Community College Board annually presents an operating budget request to the state Legislature. The current funding plan utilizes the most recent enrollment, cost, and property tax data; however, the budgetary process provides the actual funding two years later, i.e., the fiscal year 1990 appropriation will be based on fiscal year 1988 enrollments and costs. Consequently, several estimates and projections are incorporated into the budget request. The appendix provides a summary in detail of the current funding plan being described here.

The state appropriation reflects the difference between an estimate of funds required by the system and an estimate of funds available. Estimated local contributions are based on projected property tax extensions adjusted for a number of factors. Student tuition revenue is estimated on the basis of a standard tuition rate multiplied by the most recent number of actual credit hours generated, excluding adult basic and adult secondary education hours for which no tuition is charged. Finally, revenue from other sources reflects a projection of monies coming to community colleges from various federal, state, and local government programs.

State Appropriations. The community college system's primary source of state funding is the credit hour grant. Credit hour grants are distributed in variable rates through seven instructional categories. A credit hour reimbursement rate is determined for each instructional category. The cost of producing a credit hour in a given category, less a uniform measurement of the system's other available resources, yields the reimburseable credit hour grant rate.

Approximately half of the colleges receive an additional allocation in the form of an equalization grant. Equalization grants are designed to reduce the disparity among districts in local property tax funds available per student. A state average of equalized assessed valuation (EAV) per full-time equivalent

(FTE) student multiplied by a statewide weighted average local tax rate determines a threshold of expected local tax revenues per student. Any community college district which is below this threshold when applying the standard tax rate to its EAV/FTE students receives additional state funding. Local property tax revenues, an allowance for fixed costs, corporate personal property replacement tax revenues, and each district's instructional program mix are considered in the equalization calculations.

A portion of funds allocated to the community college system by the State of Illinois is represented by special grants for disadvantaged student programs and activities, economic development, and acquisition of technologically new equipment. Approximately 76 percent of the current funding, however, is distributed through credit hour grants. Table 8 shows the total state appropriations from fiscal year 1966 to fiscal year 1988.

Illinois Community College Board

Table 8

STATE APPROPRIATIONS TO THE ILLINOIS COMMUNITY COLLEGE BOARD
FISCAL YEAR 1966 - FISCAL YEAR 1988

	FY 1966-67	FY 1968-69	FY 1970	FY 1971	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976	FY 1977
Apportionment Grants to Districts:										
Flat Rate Grants	$24,719,970	$40,863,844	$34,809,500	$42,281,900	$48,200,000	$54,202,500	$65,025,000	$ 76,663,900	$ 82,357,165	$ 0
Credit Hour Grants	0	0	0	0	0	0	0	0	0	100,692,400
Suppl. Non-bus. Occup. Grants	0	0	0	0	0	1,530,000	3,340,000	4,413,200	4,640,000	0
Equalization Grants	0	0	0	0	1,050,000	1,200,000	2,220,000	3,149,700	3,100,000	6,343,800
Disadvantaged Student Grants	0	0	0	0	0	1,400,000	1,400,000	1,400,000	2,444,000	2,900,000
Public Service Grants	0	0	0	0	0	750,000	750,000	750,000	705,000	0
Correctional Institution Grants	0	0	0	0	0	0	78,600	100,000	117,500	0
New College Basic Grants	1,300,000	DNA	DNA	DNA	300,000	100,000	100,000	300,000	0	0
Economic Development Grants	0	0	0	0	0	0	0	0	0	0
Advanced Tech. Equip. Grants	0	0	0	0	0	0	0	0	0	0
Total Apportionment Grants	$26,019,970	$40,863,844	$34,809,500	$42,281,900	$49,550,000	$59,182,500	$72,913,600	$ 86,776,800	$93,363,665	$109,936,200
SCC CRF Operating Funds:										
SCC General Operating Funds	$ 0	$ 0	$ 750,000	$ 2,131,300	$ 2,396,900	$ 2,879,500	$ 2,968,780	$ 3,205,800	$ 3,267,100	$ 3,454,800
SCC Special Operating Funds	0	0	0	0	0	0	237,000	0	0	0
Total SCC CRF Operating Funds	$ 0	$ 0	$ 750,000	$ 2,131,300	$ 2,396,900	$ 2,879,500	$ 3,205,780	$ 3,205,800	$ 3,267,100	$ 3,454,800
ICCB Office Operating Funds:										
General Operating Funds	$ 297,000	$ 470,500	$ 271,100	$ 316,700	$ 392,737	$ 396,286	$ 388,256	$ 532,000	$ 550,300	$ 646,000
Special Operating Funds	0	0	0	0	0	0	200,000	30,000	100,000	15,000
Total ICCB Office Operating Funds	$ 297,000	$ 470,500	$ 271,100	$ 316,700	$ 392,737	$ 396,286	$ 588,256	$ 562,000	$ 650,300	$ 661,000
SUBTOTAL STATE CRF OPERATING FUNDS	$26,316,970	$41,334,344	$35,830,600	$44,729,900	$52,339,637	$62,458,286	$76,682,636	$ 90,544,600	$ 97,461,065	$114,052,000
Illinois Building Authority Rentals	$ 0	$20,701,740	$19,154,170	$20,896,365	$23,385,995	$14,121,770	$12,607,110	$ 12,607,110	$ 12,607,110	$ 12,607,110
SURS Retirement State Share:										
Local Community Colleges	$ 0	$ 6,000,000	$ 3,172,500	$ 4,093,400	$ 3,200,000	$ 3,200,000	$ 614,100	$ 2,409,800	$ 3,478,400	$ 5,061,300
ICCB Office	0	2,200	9,710	11,400	9,400	9,400	10,000	14,800	12,100	17,600
Total SURS Retirement Funds	$ 0	$ 6,002,200	$ 3,182,210	$ 4,104,800	$ 3,209,400	$ 3,209,400	$ 624,100	$ 2,424,600	$ 3,490,500	$ 5,078,900
Other Special State CRF Funds	$ 0	$ 0	$ 0	$ 0	$ 2,400,000	$ 2,450,000	$ 0	$ 0	$ 0	$ 0
Total State CRF Appropriations	$26,316,970	$68,038,284	$58,166,980	$69,731,065	$81,335,032	$82,239,456	$89,938,846	$105,594,530	$113,378,675	$131,738,010
Other Appropriated (Non-CRF) Funds:										
SCC Income Fund	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
SCC Contracts & Grants Fund	0	0	0	0	0	0	0	0	0	0
Total Other Appropriated Funds	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
TOTAL ICCB APPROPRIATION	$26,316,970	$68,038,284	$58,166,980	$69,731,065	$81,335,032	$82,239,456	$89,938,846	$105,594,530	$113,378,675	$131,738,010

DNA = Data Not Available

Illinois Community College Board

Table 8

STATE APPROPRIATIONS TO THE ILLINOIS COMMUNITY COLLEGE BOARD
FISCAL YEAR 1966 - FISCAL YEAR 1988
(Continued)

	FY 1978	FY 1979	FY 1980	FY 1981	FY 1982	FY 1983	FY 1984	FY 1985	FY 1986	FY 1987	FY 1988
Apportionment Grants to Districts:											
Flat Rate Grants	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Credit Hour Grants	100,127,000	102,195,000	103,252,400	111,148,300	116,002,500	113,660,400	116,596,700	119,405,600	137,148,000	142,919,509	136,222,400
Suppl. Non-bus. Occup. Grants	0	0	0	0	0	0	0	0	0	0	0
Equalization Grants	7,937,700	10,355,800	17,200,000	19,839,500	23,541,700	25,927,000	27,848,200	31,027,100	28,887,900	32,566,489	32,016,200
Disadvantaged Student Grants	3,706,900	3,800,000	4,700,000	5,100,000	5,000,000	5,000,000	5,000,000	5,300,000	7,000,000	7,566,000	7,933,000
Public Service Grants	0	0	0	0	0	0	0	0	0	0	0
Correctional Institution Grants	0	0	0	0	0	0	0	0	0	0	0
New College Basic Grants	0	0	0	0	0	0	0	0	0	0	0
Economic Development Grants	0	0	0	0	0	0	2,500,000	2,700,000	3,500,000	3,686,000	2,934,000
Advanced Tech. Equip. Grants	0	0	0	0	0	0	0	2,000,000	2,350,000	2,522,000	1,344,300
Total Apportionment Grants	$111,771,600	$116,350,800	$125,152,400	$136,087,800	$144,544,200	$144,587,400	$149,944,900	$160,432,700	$178,885,900	$189,259,998	$180,451,900
SCC CBF Operating Funds:											
SCC General Operating Funds	$ 3,443,800	$ 3,421,500	$ 3,103,900	$ 3,085,800	$ 3,131,200	$ 2,921,700	$ 2,921,900	$ 2,943,000	$ 3,073,800	$ 3,268,252	$ 3,165,031
SCC Special Operating Funds	0	0	63,600	0	95,000	0	0	0	0	0	0
Total SCC CBF Operating Funds	$ 3,443,800	$ 3,421,500	$ 3,167,500	$ 3,085,800	$ 3,226,200	$ 2,921,700	$ 2,921,900	$ 2,943,000	$ 3,073,800	$ 3,268,252	$ 3,165,031
ICCB Office Operating Funds:											
General Operating Funds	$ 689,400	$ 766,300	$ 834,800	$ 921,800	$ 973,200	$ 965,200	$ 1,012,600	$ 1,055,800	$ 1,141,813	$ 1,222,713	$ 1,184,600
Special Operating Funds	0	0	0	0	0	0	0	0	0	0	0
Total ICCB Office Operating Funds	$ 689,400	$ 766,300	$ 834,800	$ 921,800	$ 973,200	$ 965,200	$ 1,012,600	$ 1,055,800	$ 1,141,813	$ 1,222,713	$ 1,184,600
SUBTOTAL STATE CBF OPERATING FUNDS	$115,904,800	$120,538,600	$129,154,700	$140,095,400	$148,763,600	$148,474,300	$153,879,400	$164,431,500	$183,101,513	$193,750,963	$184,801,531
Illinois Building Authority Rentals	$ 12,607,110	$ 19,607,110	$ 12,607,110	$ 12,607,110	$ 11,926,250	$ 10,097,240	$ 0	$ 0	$ 0	$ 0	$ 0
SURS Retirement State Share:											
Local Community Colleges	$ 5,120,700	$ 5,650,100	$ 7,029,500	$ 7,447,500	$ 5,771,394	$ 6,774,100	$ 5,611,900	$ 6,489,600	$ 8,481,700	$ 9,442,465	$ 8,165,800
ICCB Office	31,400	83,100	55,200	62,700	39,680	41,800	41,300	42,400	48,200	46,754	40,500
Total SURS Retirement Funds	$ 5,152,100	$ 5,701,200	$ 7,084,700	$ 7,510,200	$ 5,811,074	$ 6,815,900	$ 5,653,200	$ 6,531,800	$ 8,530,900	$ 9,489,219	$ 8,206,300
Other Special State CBF Funds	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Total State CBF Appropriations	$133,664,010	$138,846,910	$148,846,510	$160,212,710	$166,500,924	$165,387,440	$159,532,600	$170,963,300	$191,632,413	$203,240,182	$193,007,831
Other Appropriated (Non-CBF) Funds:											
SCC Income Fund	$ 0	$ 269,000	$ 780,000	$ 325,000	$ 315,000	$ 495,000	$ 594,000	$ 576,000	$ 575,000	$ 484,500	$ 466,200
SCC Contracts & Grants Fund	0	2,277,200	2,071,900	1,514,847	1,492,000	1,200,000	1,600,000	2,200,000	2,200,000	2,200,000	2,300,000
Total Other Appropriated Funds	$ 0	$ 2,546,200	$ 2,851,900	$ 1,839,847	$ 1,807,000	$ 1,695,000	$ 2,194,000	$ 2,776,000	$ 2,775,000	$ 2,684,500	$ 2,966,200
TOTAL ICCB APPROPRIATION	$133,664,010	$135,625,410	$151,198,410	$162,052,557	$168,307,924	$167,082,440	$161,526,600	$173,739,300	$194,407,413	$205,924,682	$195,974,031

Local Tax Receipts. Approximately 37 percent of community college funding currently is derived from local property tax extensions. For budgetary projections, these extensions are determined by multiplying the statewide total community college projected equalized assessed valuation by the statewide weighted average tax rate. This amount, less adjustments for collection losses, non-district chargebacks, and equalization, yields estimated local tax receipts for the system. Table 9 lists the equalized assessed valuation for 1969 through 1987.

Table 9

EQUALIZED ASSESSED VALUATIONS
1969 - 1987

Year	EAV (in thousands)	% Change
1969	$ 37,791,194.3	-- %
1970	38,251,416.5	1.2
1971	41,526,935.6	8.6
1972	42,543,268.0	2.4
1973	46,441,194.0	9.2
1974	47,375,183.0	2.0
1975	49,361,252.0	4.2
1976	53,777,867.2	15.8
1977	58,089,541.8	8.0
1978	62,631,357.7	7.8
1979	57,680,428.4*	(7.9)
1980	65,694,208.9	13.9
1981	72,597,495.6	10.5
1982	76,154,458.6	4.9
1983	75,775,865.2	(0.5)
1984	76,553,777.6	1.0
1985	79,030,223.5	3.2
1986	82,544,577.6	4.4
1987	89,302,502.2	8.2

*Corporate Personal Property Taxes were eliminated in 1979.

An additional source of revenue available to the system is the corporate personal property replacement tax revenues. New taxes on corporations, partnerships, and utilities provide the means for replacing the tax on corporate personal property which was eliminated in 1979.

Student Tuition and Fees. Statutorily, community colleges cannot charge tuition and fees that exceed one-third of their individual per capita costs. Actual tuition and fee rates in fiscal year 1988 ranged from $13.94 to $34.25 per semester credit hour. To compute the systemwide revenue generated from tuition and fees, the most recent non-adult basic education and adult secondary education (ABE/ASE) enrollments are multiplied by a projected tuition standard. Statewide average tuition rates for all districts since fiscal year 1967 are presented in Table 1.

Other State Grants. Community colleges also receive revenue from a number of other sources. Currently, the Illinois State Board of Education distributes grants for both adult and occupational education in support of specific instructional programs. In fiscal year 1988, these grants accounted for slightly over five percent of the estimated resources for the system.

Federal and Other Miscellaneous Grants. Finally, the community colleges in the state receive funds from a variety of other federal, state, and local sources. Given the difficulty of making accurate projections of this revenue, the community college funding plan provides that miscellaneous revenue be projected based on the percentage it represented of all revenue for the most recent fiscal year. In fiscal year 1988, this was approximately 12.5 percent of the colleges' funding.

Table 10 lists the percent distribution of all audited operating revenue sources from fiscal year 1973 to fiscal year 1988.

Table 10

PERCENT OF COMMUNITY COLLEGE OPERATING REVENUE SOURCES
FISCAL YEAR 1973 - FISCAL YEAR 1988*

Fiscal Year	Tax** Contribution	ICCB Grants	Other State Grants	Federal Grants	*** Other	Tuition & Fees
1973	45.4%	33.0%	1.9%	2.3%	1.8%	15.6%
1974	38.3	38.2	2.7	2.2	3.1	15.5
1975	37.3	35.4	4.6	0.5	4.4	17.8
1976	36.4	35.9	3.9	1.0	2.1	20.7
1977	35.4	37.1	3.9	1.1	1.6	20.9
1978	36.7	36.0	3.8	1.3	2.1	20.1
1979	38.1	34.3	4.1	0.4	3.0	20.1
1980	36.7	34.5	4.5	0.4	3.8	20.1
1981	37.9	32.9	3.4	0.9	4.2	20.7
1982	38.4	32.2	2.4	0.7	4.8	21.5
1983	38.2	30.6	2.3	0.7	3.9	24.3
1984	38.6	28.6	2.1	0.8	4.7	25.3
1985	38.1	29.5	2.5	0.7	4.9	24.3
1986	38.3	31.6	1.8	0.5	4.5	23.2
1987	37.4	32.3	2.5	0.3	4.4	23.1
1988	40.9	29.5	1.5	0.2	4.7	23.1

*Data prior to fiscal year 1973 are not available.
**Includes local tax revenue, chargebacks, and replacement tax revenues.
***Includes interest, facility rental fees, and auxiliary activity.

State Community College. As a unique district, State Community College receives funding through a separate allocation within the system's operating budget. Table 11 presents the pattern of funding since the initial organization of the college. The significant increase beginning in 1979 is due to the state's appropriation of non-general revenue funds for State Community College's Income Fund and Contracts and Grants Fund.

State Community College, in contrast to other community colleges in the system, annually submits a budget request to the Illinois Community College Board. The agency considers this request and, subsequently, incorporates State Community College funding into the systemwide operating budget request.

Table 11

STATE COMMUNITY COLLEGE
TOTAL APPROPRIATIONS
FISCAL YEAR 1970 - FISCAL YEAR 1988

Fiscal Year	Income Fund	Contracts & Grants Fund	General Revenue Fund	Appropriation
1970	$	$	$ 750,000	$ 750,000
1971			2,131,300	2,131,300
1972			2,396,900	2,396,900
1973			2,879,500	2,879,500
1974			3,205,780	3,205,780
1975			3,205,800	3,205,800
1976			3,267,100	3,267,100
1977			3,454,800	3,454,800
1978			3,443,800	3,443,800
1979	269,000	2,277,200	3,421,500	5,967,700
1980	280,000	2,071,900	3,167,500	5,519,400
1981	325,000	1,514,847	3,085,800	4,925,647
1982	315,000	1,492,000	3,226,200	5,033,200
1983	495,000	1,200,000	2,921,700	4,616,700
1984	594,000	1,600,000	2,921,900	5,115,900
1985	576,000	2,200,000	2,943,000	5,719,000
1986	575,000	2,200,000	3,073,800	5,848,800
1987	484,500	2,200,000	3,268,252	5,952,752
1988	466,200	2,500,000	3,165,031	6,131,231

CONCLUSION

Community colleges in Illinois have developed tremendously since the first college was established over eight decades ago. Today, Illinois has 50 colleges serving 97 percent of the state's population. Since passage of the Public Junior College Act in 1965, several levels of state funding for community colleges have existed. This report has presented the history of community college funding plans and the extent of financial support provided by the state.

APPENDIX

Illinois Community College Funding Plan
Fiscal Year 1988

ILLINOIS COMMUNITY COLLEGE FUNDING PLAN

In its simplest form:

ESTIMATE OF FUNDS NEEDED

<u>- ESTIMATE OF FUNDS AVAILABLE</u>

ICCB BUDGET REQUEST

Distributed through:

1. Credit hour grants
2. Equalization grants
3. Disadvantaged student grants
4. Economic development grants
5. Advanced technology equipment grants

An ESTIMATE OF FUNDS NEEDED is developed as follows:

		Example
Cost to produce a credit hour (FY 1986)		$ 90.69
x Two-year inflation factor		x 1.1013*
Estimate of cost to produce a credit hour in FY 1988		$ 99.88
x FY 1986 credit hours		x 5,445,570
Estimate of total instructional costs in FY 1988		$543,877,380**
We also add in an estimate of:		
Public service costs in FY 1988		+ $ 42,996,415
New funds requested for FY 1988		+ $ 2,928,055
ESTIMATE OF FUNDS NEEDED		$589,801,850

*Consists of:

Compensation	6.00%***
Utilities	4.25%
Library Materials	7.00%
General Cost	3.00%
Weighted Average Increase	1.0511 - FY 1988
	x 1.0478 - FY 1987
	1.1013

**Excludes $26,152 for rounding adjustments.
***Calculated on 95 percent of the personal services base.

An ESTIMATE OF FUNDS AVAILABLE is developed by looking at four sources of revenue:

1. Local tax receipts
2. Student tuition and fees
3. Other state grants
4. Federal and other miscellaneous revenues

		Example
Local Tax Receipts:		
Projected equalized assessed valuation		$80,506,261,526
x Statewide average tax rate per $100 EAV	x	.002285
Local tax receipts		$ 183,956,808
+ Adjustments (collection losses and chargebacks)	+	$ 533,940
- Equalization	-	$ 35,918,900
Local tax receipts		$ 148,571,848
Student Tuition and Fees:		
FY 1986 credit hours (except ABE/ASE)		$ 4,450,117
x Standard tuition and fee rate per credit hour	x	$ 27.16
Student tuition and fees		$ 120,865,178
Other State Grants:		
Corporate replacement taxes		$ 22,640,000
+ Vocational education grants	+	19,448,900
+ Adult education grants	+	7,335,900
Other state grants		$ 49,424,800
Federal and Other Miscellaneous Revenues:		$ 68,491,224
ESTIMATE OF FUNDS AVAILABLE		$ 387,353,050

In summary:

ESTIMATE OF FUNDS NEEDED	$589,801,850
- ESTIMATE OF FUNDS AVAILABLE	- $387,353,050
ICCB BUDGET REQUEST	$202,448,800

Distributed through:

1.	Credit hour grants	$150,779,900
2.	Equalization grants	$ 35,918,900
3.	Disadvantaged student grants	$ 8,900,000
4.	Economic development grants	$ 3,950,000
5.	Advanced technology equipment grants	$ 2,900,000
		$202,448,800

NOTE: Community college funding must be appropriated by the state Legislature and approved by the Governor. On occasion, the formula distribution and the amount actually appropriated and approved may differ. When that occurs, grants are prorated to the level of available funding. Such was the case in fiscal year 1988. Consequently, grants actually distributed in fiscal year 1988 differ from the above amounts.

ERIC Clearinghouse for Junior Colleges JUL 21 1989